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DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

(A-580-883)

Certain Hot-Rolled Steel Flat Products from the Republic of Korea: Final Determination of Sales at Less than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (Department) determines that certain hot-rolled steel flat products (hot-rolled steel) from the Republic of Korea (Korea) are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is July 1, 2014, through June 30, 2015. The final estimated weighted-average dumping margins are listed below in the “Final Determination” section of this notice.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE *Federal Register*].

FOR FURTHER INFORMATION CONTACT: Javier Barrientos or Matthew Renkey, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-2243 or (202) 482-2312, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department published the preliminary determination on March 22, 2016.<sup>1</sup> A summary of the events that occurred since the Department published the *Preliminary*

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<sup>1</sup> See *Certain Hot-Rolled Steel Flat Products from the Republic of Korea: Affirmative Preliminary Determination of Sales at Less than Fair Value and Postponement of Final Determination*, 81 FR 15228 (March 22, 2016) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum.

*Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Final Issues and Decision Memorandum.<sup>2</sup>

Also, as explained in the memorandum from the Acting Assistant Secretary for Enforcement and Compliance, the Department exercised its authority to toll all administrative deadlines due to the closure of the Federal Government.<sup>3</sup> As a consequence, all deadlines in this segment of the proceeding have been extended by four business days.

#### Scope of the Investigation

The products covered by this investigation are certain hot-rolled steel flat products from Korea. For a complete description of the scope of this investigation, *see* the “Scope of the Investigation,” in Appendix II of this notice.

#### Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Final Issues and Decision Memorandum, which is hereby adopted by this notice.<sup>4</sup> A list of the issues raised is attached to this notice as Appendix I. The Final Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov> and it is available to all parties in the Central Records Unit, room B-8024 of the main Department of Commerce building. In addition, a complete version of the Final Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The

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<sup>2</sup> See Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, “Issues and Decision Memorandum for the Final Affirmative Determination in the Antidumping Duty Investigation of Certain Hot-Rolled Steel Flat Products from the Republic of Korea,” (Final Issues and Decision Memorandum), dated concurrently with this determination and hereby adopted by this notice.

<sup>3</sup> See Memorandum to the File from Ron Lorentzen, Acting A/S for Enforcement & Compliance, “Tolling of Administrative Deadlines As a Result of the Government Closure During Snowstorm Jonas,” dated January 27, 2016.

<sup>4</sup> See Final Issues and Decision Memorandum.

signed and electronic versions of the Final Issues and Decision Memorandum are identical in content.

### Verification

As provided in section 782(i) of the Act, in January, April, and June 2016, the Department verified the sales, cost, and further manufacturing data reported by the mandatory respondents Hyundai Steel Company and POSCO,<sup>5</sup> pursuant to section 782(i) of the Act. We used standard verification procedures, including an examination of relevant accounting and production records, and original source documents provided by respondents.

### Use of Adverse Facts Available

In making this final determination, the Department relied, in part, on facts available for both POSCO and Hyundai Steel Company. Furthermore, because Hyundai Steel Company did not act to the best of its ability in responding to certain of the Department's requests for information, we drew an adverse inference where appropriate in selecting from among the facts otherwise available.<sup>6</sup> For further information, *see* the accompanying Final Issues and Decision Memorandum.

### Changes to the Margin Calculations Since the Preliminary Determination

Based on our analysis of the comments received and our findings at verification, we made certain changes to the margin calculations for Hyundai Steel Company and POSCO. For a discussion of these changes, *see* the Final Issues and Decision Memorandum. We have also revised the all-others rate in accordance with the methodology described below.

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<sup>5</sup> We are continuing to collapse the mandatory respondent POSCO and Daewoo International Corporation (DWI), and henceforward refer to the collapsed entity as "POSCO." *See Preliminary Determination*, 81 FR at 15229.

<sup>6</sup> *See* sections 776(a) and (b) of the Act.

### All-Others Rate

Consistent with sections 735(c)(1)(B)(i)(II) and 735(c)(5) of the Act, the Department also calculated an estimated all-others rate. Section 735(c)(5)(A) of the Act provides that the estimated all-others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any margins determined entirely under section 776 of the Act. Where the rates for investigated companies are zero or *de minimis*, or based entirely on facts otherwise available, section 735(c)(5)(B) of the Act instructs the Department to establish an “all others” rate using “any reasonable method.”

In this investigation, we calculated weighted-average dumping margins for Hyundai Steel Company and POSCO that are above *de minimis* and which are not based on total facts available. Accordingly, for the final determination, consistent with the Act and the Department’s practice, the Department calculated the margin for the all-others rate using the ranged total sales values reported by POSCO and Hyundai Steel from the public versions of their submissions.<sup>7</sup>

### Final Determination Margins

The Department determines that the following estimated weighted-average dumping margins exist:

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<sup>7</sup> See Memorandum to the File, “Investigation of Certain Hot-Rolled Steel Flat Products from the Republic of Korea, All-Others Rate Calculation,” dated August 4, 2016. We note that it is the Department’s practice to calculate (A) a weighted-average of the dumping margins calculated for the mandatory respondents; (B) a simple average of the dumping margins calculated for the mandatory respondents; and (C) a weighted-average of the dumping margins calculated for the mandatory respondents using each company’s publicly-ranged values for the merchandise under consideration. We would compare (B) and (C) to (A) and select the rate closest to (A) as the most appropriate rate for all other companies. See *Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010).

Exporter/Manufacturer	Weighted-Average Dumping Margins (percent)	Cash Deposit Rate (Percent)
Hyundai Steel Company	9.49	9.49
POSCO	3.89	0.00
All Others	5.55	5.55

#### Disclosure

We intend to disclose to parties in this proceeding the calculations performed for this final determination within five days of the date of public announcement of our final determination, in accordance with 19 CFR 351.224(b).

#### Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, the Department will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of hot-rolled steel from Korea, which were entered, or withdrawn from warehouse, for consumption on or after March 22, 2016 (the date of publication of the affirmative *Preliminary Determination*).

Where the product under investigation is also subject to a concurrent countervailing duty investigation, we instruct CBP to require a cash deposit less the amount of the countervailing duty determined to constitute any export subsidies. Because of the affirmative final determination in the countervailing duty investigation, suspension of liquidation will be ordered in that investigation, and so long as suspension of liquidation continues under this antidumping duty investigation, the cash deposit rates for this antidumping duty investigation will be the rates identified in the cash deposit rate column in the rate chart, above. In the event that a countervailing duty order is issued and suspension of liquidation continues in the companion

countervailing duty investigation on hot-rolled steel from the Korea, the Department will continue to instruct CBP to require cash deposits adjusted by the amount of export subsidies, as appropriate. These adjustments are reflected in the final column of the rate chart, above.

#### International Trade Commission Notification

In accordance with section 735(d) of the Act, we will notify the U.S. International Trade Commission (ITC) of the final affirmative determination of sales at LTFV. Because the final determination in this proceeding is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of hot-rolled steel from Korea no later than 45 days after our final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

#### Notification Regarding Administrative Protective Orders (APOs)

This notice serves as a reminder to parties subject to APO of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and the terms of an APO is a violation subject to sanction.

This determination and notice are issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

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Ronald K. Lorentzen  
Acting Assistant Secretary  
for Enforcement and Compliance

August 4, 2016  
Date

## **Appendix I**

### **List of Topics Discussed in the Final Issues and Decision Memorandum**

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Scope Comments
- V. Scope of the Investigation
- VI. Changes Since the Preliminary Determination
- VII. Discussion of the Issues

#### Company-Specific Comments

##### *POSCO*

- 1. Correction of Errors in the Margin Calculation
- 2. The Correct Code for Prime Merchandise to Use in the Margin Calculation
- 3. CEP Offset
- 4. Treatment of Side-Trimming Costs Accepted as a Minor Correction
- 5. Foreign Brokerage and Handling Expense for Channel 5 Sales
- 6. Revision of Further Manufacturing Costs for Non-Prime Channel 5 Sales
- 7. Date of Sale

##### *Hyundai Steel*

- 8. Reporting of Inland Freight, International Freight, Marine Insurance and Other Services Provided by Affiliated Companies
- 9. CEP Offset
- 10. Date of Sale
- 11. Differential Pricing
- 12. Hyundai Steel Calculation Issues
- 13. Certain Home Market Customers
- 14. Hyundai Steel America Channel 5 Issues
- 15. Affiliated Home Market Resales

- VIII. Recommendation



## Appendix II

### Scope of the Investigation

The products covered by this investigation are certain hot-rolled, flat-rolled steel products, with or without patterns in relief, and whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. The products covered do not include those that are clad, plated, or coated with metal. The products covered include coils that have a width or other lateral measurement (width) of 12.7 mm or greater, regardless of thickness, and regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, *etc.*). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

- (1) where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above unless the resulting measurement makes the product covered by the existing antidumping<sup>8</sup> or countervailing duty<sup>9</sup> orders on Certain Cut-To-Length Carbon-Quality Steel Plate Products From the Republic of Korea (A-580-836; C-580-837), and
- (2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, *etc.*), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this investigation are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or

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<sup>8</sup> Notice of Amendment of Final Determinations of Sales at Less Than Fair Value and Antidumping Duty Orders: Certain Cut-To-Length Carbon-Quality Steel Plate Products From France, India, Indonesia, Italy, Japan and the Republic of Korea, 65 FR 6585 (February 10, 2000).

<sup>9</sup> Notice of Amended Final Determinations: Certain Cut-to-Length Carbon-Quality Steel Plate From India and the Republic of Korea; and Notice of Countervailing Duty Orders: Certain Cut-To-Length Carbon-Quality Steel Plate From France, India, Indonesia, Italy, and the Republic of Korea, 65 FR 6587 (February 10, 2000).

- 0.40 percent of lead, or
- 2.00 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium.

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, the substrate for motor lamination steels, Advanced High Strength Steels (AHSS), and Ultra High Strength Steels (UHSS). IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum. AHSS and UHSS are considered high tensile strength and high elongation steels, although AHSS and UHSS are covered whether or not they are high tensile strength or high elongation steels.

Subject merchandise includes hot-rolled steel that has been further processed in a third country, including but not limited to pickling, oiling, levelling, annealing, tempering, temper rolling, skin passing, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the hot-rolled steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of this investigation:

- Universal mill plates (*i.e.*, hot-rolled, flat-rolled products not in coils that have been rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm, of a thickness not less than 4.0 mm, and without patterns in relief);
- Products that have been cold-rolled (cold-reduced) after hot-rolling;<sup>10</sup>
- Ball bearing steels;<sup>11</sup>

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<sup>10</sup> For purposes of this scope exclusion, rolling operations such as a skin pass, levelling, temper rolling or other minor rolling operations after the hot-rolling process for purposes of surface finish, flatness, shape control, or gauge control do not constitute cold-rolling sufficient to meet this exclusion.

- Tool steels;<sup>12</sup> and
- Silico-manganese steels;<sup>13</sup>

The products subject to this investigation are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7210.70.3000, 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590, 7225.11.0000, 7225.19.0000, 7225.30.3050, 7225.30.7000, 7225.40.7000, 7225.99.0090, 7226.11.1000, 7226.11.9030, 7226.11.9060, 7226.19.1000, 7226.19.9000, 7226.91.5000, 7226.91.7000, and 7226.91.8000. The products subject to the investigation may also enter under the following HTSUS numbers: 7210.90.9000, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7214.91.0015, 7214.91.0060, 7214.91.0090, 7214.99.0060, 7214.99.0075, 7214.99.0090, 7215.90.5000, 7226.99.0180, and 7228.60.6000.

The HTSUS subheadings above are provided for convenience and U.S. Customs purposes only. The written description of the scope of the investigation is dispositive.

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<sup>11</sup> Ball bearing steels are defined as steels which contain, in addition to iron, each of the following elements by weight in the amount specified: (i) not less than 0.95 nor more than 1.13 percent of carbon; (ii) not less than 0.22 nor more than 0.48 percent of manganese; (iii) none, or not more than 0.03 percent of sulfur; (iv) none, or not more than 0.03 percent of phosphorus; (v) not less than 0.18 nor more than 0.37 percent of silicon; (vi) not less than 1.25 nor more than 1.65 percent of chromium; (vii) none, or not more than 0.28 percent of nickel; (viii) none, or not more than 0.38 percent of copper; and (ix) none, or not more than 0.09 percent of molybdenum.

<sup>12</sup> Tool steels are defined as steels which contain the following combinations of elements in the quantity by weight respectively indicated: (i) more than 1.2 percent carbon and more than 10.5 percent chromium; or (ii) not less than 0.3 percent carbon and 1.25 percent or more but less than 10.5 percent chromium; or (iii) not less than 0.85 percent carbon and 1 percent to 1.8 percent, inclusive, manganese; or (iv) 0.9 percent to 1.2 percent, inclusive, chromium and 0.9 percent to 1.4 percent, inclusive, molybdenum; or (v) not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or (vi) not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

<sup>13</sup> Silico-manganese steel is defined as steels containing by weight: (i) not more than 0.7 percent of carbon; (ii) 0.5 percent or more but not more than 1.9 percent of manganese, and (iii) 0.6 percent or more but not more than 2.3 percent of silicon.

